

BILL NO. 33-0061

Thirty-Third Legislature of the Virgin Islands

April 4, 2019

An Act amending title 29, chapter 12, section 705 of the Virgin Islands Code relating to the powers of the Economic Development Commission (“EDC”), sections 713a and 713b relating to tax reduction benefits for EDC beneficiaries, and title 29, chapter 23, section 1308 relating to the Hotel Development Trust Fund

PROPOSED BY: Senator Kurt A. Vialet

1 *Be it enacted by the Legislature of the Virgin Islands:*

2 **SECTION 1.** Title 29, chapter 12, subchapter I of the Virgin Islands Code is amended
3 as follows:

4 (a) In section 705, subsection (a), by inserting “hold public hearings thereon as
5 provided in section 717 of this chapter,” after “benefits,”.

6 (b) In section 713a, subsection (b), in the following instances:

7 (1) In paragraphs (3) and (4), by inserting “of existing” before “benefits”; and

8 (2) In paragraph (5), in the first sentence, by inserting “of existing” before
9 “benefits,” and, in the second sentence, by striking “must” and inserting “may” in its
10 place.

1 (c) In section 713b, subsection (a), paragraph 4, by striking all the language therein
2 and inserting new language that reads as follows:

3 “An applicant may obtain the benefits commencing the first day of the applicant's
4 taxable year for income tax purposes, or commencing one day after the due date for the
5 payment of an installment of estimated income taxes by the applicant. If no payment of an
6 installment of estimated income taxes by the applicant is due, then the date of
7 commencement of the benefits under this section shall be the due date of such a payment, if
8 one had been due from the applicant.”.

9 **SECTION 2.** Title 29, chapter 23 of the Virgin Islands Code is amended in section
10 1308, subsection (b), by striking the first three sentences in their entirety and inserting new
11 language to read as follows:

12 “The casino revenue taxes, pursuant to 32 V.I.C. §§ 514- 515, and fifty percent (50%)
13 of the hotel room tax, pursuant 33 V.I.C. § 54, generated from the approved Project must be
14 deposited into the Project's Hotel Development Trust Fund. For the purposes of this section,
15 notwithstanding the provisions of 32 V.I.C. §§ 514-15 and 33 V.I.C. § 54, the maximum
16 casino revenue tax rate may be increased to 35% and the hotel room tax rate may be
17 increased to 18.5% until the Hotel Development Notes, with respect to the Project, have been
18 paid. Once the debt is retired, the casino revenue tax rate shall return to 12% pursuant to 32
19 V.I.C. § 515, and the hotel room tax rate shall return to 12.5% pursuant to 33 V.I.C. §54.”

20 **BILL SUMMARY**

21 The Bill amends title 29, chapter 12, section 705 of the Virgin Islands Code relating
22 to the powers of the EDC by clarifying that the EDC must hold public hearings on
23 applications for economic development benefits. Section 713a relating to tax reduction
24 benefits is amended by clarifying that the tax reductions are based on existing benefits.

1 Under existing law, an applicant may elect a commencement date in the year that the
2 applicant commenced activities in the Virgin Islands, provided that an application for the
3 appropriate business license has been filed with the Department of Licensing and Consumer
4 Affairs. This Bill amends section 713b by changing the benefit commencement date to
5 either the first day of the applicant's taxable year or one day after an installment of estimated
6 income taxes is due from the applicant, and if no installment of estimate income taxes is due,
7 then the commencement date will be the due date of such payment if one had been due from
8 the applicant. Finally, this Bill amends title 29, chapter 23, section 1308 of the Virgin Islands
9 Code by requiring that 50% of hotel room taxes be deposited into the Hotel Development
10 Trust Fund, and increasing the hotel room tax rate from 12.5% to 18.5% during the period
11 the developer's debt is outstanding.

12 **BR19-0354/March 29, 2019/GC/ Reviewed by EEM**